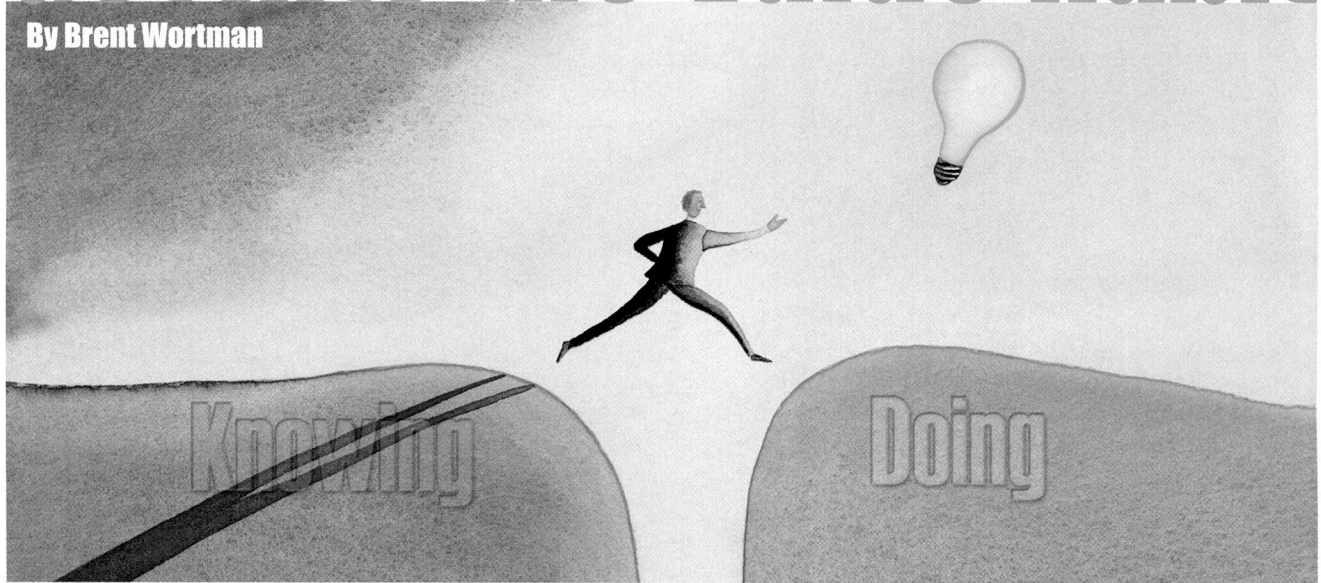


management

Get into the Value Habit

By Brent Wortman



Value creation resides at the core of every company. What's amazing is that most organizations remain hung up in theorizing about how to do it, rather than rolling up their sleeves and making it happen.

So, what is it, then, that stands in the way? What are the value-creating behaviors that successful organizations apply? While there is no magic formula, let's presume that most already know what makes them valuable, but they may not have recognized the value-inhibiting behaviors that are all too common and that masquerade as "business as usual."

The solutions proposed here may not apply to every organization, but the problems are real and quite common. The following eight recommendations for behavioral change are intended to help overcome the inertia of good intentions.

Value-creating behavior #1

Connect your vision, your strategy and your business processes with what you need to do to succeed. Make

Knowing what makes your company valuable is important, but it's not enough. Getting from "knowing" to "doing" requires real change. Here are eight behaviors that have helped organizations bridge the "knowing-doing" gap.

it obvious and easy for your people to do the right thing.

VALUE-INHIBITING BEHAVIOR: Ignore the disconnect between what makes you valuable and what you and your people are doing about it.

CHANGING THE BEHAVIOR: Start by linking your objectives and strategies to specific tactics and then link to what people actually do — the business processes they actually execute.

THE OUTCOME: Mechanisms like these encourage value-creating action across the company. Choose mechanisms that are right for your

company and your objectives, but be sure they are in alignment. Make the path clear.

Value-creating behavior #2

Position your organization to deal with a range of possible futures, but then home in on what you need only for the future that actually arrives.

VALUE-INHIBITING BEHAVIOR: You rely on established planning models after changes in the environment have rendered them obsolete.

CHANGING THE BEHAVIOR: Let strategic focus on value drive your plan:

1. Consider four or five plausible scenarios for your share of the marketplace.
2. Define how you'd win in the world described in each scenario.
3. Identify which initiatives show up in the strategies for all scenarios and make them core to your plan — you need them, no matter what.
4. Make limited investments in the key assets you'll need if each scenario materializes, and build in the ability to ratchet your ownership up or down.
5. As the future becomes the pres-

ent, adjust your contingent investments according to what is needed.

THE OUTCOME: The flexibility of your initiatives allows you to adjust and succeed — no matter what. The core strategy is made up of initiatives that can bend, but not break.

Align your portfolio of initiatives with your objectives and strategy.

VALUE-INHIBITING BEHAVIOR: Your portfolio of initiatives is driven by individuals and advocacy, rather than by what makes you valuable.

CHANGING THE BEHAVIOR: Be sure the things that you do are aligned with your strategy. This unified display allows you to analyze what the company can do, and which initiatives may be most important.

THE OUTCOME: You have aligned your project portfolio — you know what you are doing and why. You have a rich framework for communicating your strategy to all stakeholders, potential investors, the media and to anyone who is interested in how you actually create value.

Be sure the words you use inspire the actions you want.

VALUE-INHIBITING BEHAVIOR: Using language that obscures or undermines your focus.

CHANGING THE BEHAVIOR: Challenge everyone in the company to weigh what they hear and to re-examine what they say. Strike expressions that create attitudes and behaviors inconsistent with what you hope to achieve.

THE OUTCOME: The way you and your people speak will reinforce behaviors that support strategies. The kinds of questions asked and the measurements used will be aligned to the company's plans to create value.

Focus on the connections between stakeholders that create value for everyone.

VALUE-INHIBITING BEHAVIOR: Taking some stakeholders more seriously than others.

CHANGING THE BEHAVIOR: Creating value is not a zero-sum game of absolute winners or losers. Understand the space where stakeholder interests overlap, and execute to deliver the greatest value to that common nexus of interests. Make understanding stakeholder interests standard in how you execute — not as a submissive compromise, but as a way to move beyond logjams of self-interest.

THE OUTCOME: By doing what makes you valuable, you best serve all of your constituents.

Use your concrete strategy (and the value drivers that support it) to present a credible and convincing picture of where you're headed.

VALUE-INHIBITING BEHAVIOR: You focus obsessively on short-term financial measures.

CHANGING THE BEHAVIOR: Companies that are clearly focused on value show that they know what they're doing, why, and where they expect their current efforts to lead. Positive guidance based on clear alignment of business strategy and specific actions point the way forward.

THE OUTCOME: You give investors a reason to believe.

Make value creation central to how you evaluate and manage your people, and how you reward performance.

VALUE-INHIBITING BEHAVIOR: You rely on performance management processes that don't connect individual contribution with the creation of value.

CHANGING THE BEHAVIOR: If all you measure is compliance, that's all you'll get. Instead of raising the bar, change the game.

THE OUTCOME: You evaluate and manage your people by the value they create; they come to realize that narrow or short-sighted accomplishments will not be rewarded.

Put a single person in charge of aligning strategies, actions and performance management.

VALUE-INHIBITING BEHAVIOR: You manage value creation off the side of too many desks.

CHANGING THE BEHAVIOR: Someone has to own the process — from start to finish. Create a role that has not only oversight responsibility, but the mission to create value throughout the company.

THE OUTCOME: A performance management process that uses consistent frameworks and systems to plan, analyze, report and reward performance. Common frameworks will allow all stakeholders to understand how the company has performed and where it is going.

Getting into the "value habit" is not about overlaying fresh tactics onto established processes; but rather about changing those processes. When value-creating behaviors become internalized, they yield tangible results. When this internalization is so complete that the objective of value becomes a habit, you will know your organization has progressed from knowing to doing.

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- ❑ Value creation resides at the core of every company, and most organizations theorize about how to do it, rather than rolling up their sleeves and making it happen.
- ❑ Getting into the "Value Habit" is a series of eight areas of behavioral change intended to help organizations overcome the inertia of good intentions.

Getting into the "Value Habit" is not about overlaying tactics or gimmicks onto established processes, but rather about changing processes.

It starts with connecting your vision, your strategy and business processes with what you need to do to succeed.